

## **EXHIBIT “A” – LENDER UNDERWRITING GUIDELINES PEMBROKE PINES PURCHASE ASSISTANCE PROGRAM**

Applicant(s) must obtain a commitment/pre-approval letter from a lending institution.

The following are program requirements associated with the above listed cities First Time Homebuyer Purchase Assistance Program:

### **RECIPIENT SELECTION CRITERIA:**

- ✓ Applicant(s) will be selected on a first come, first qualified, first served basis within the income groups. Priority will be given to very low- and low-income applicants to ensure compliance with income set-asides.
- ✓ Applicant(s) must not own any other residential property at time of application and prior to closing for the past three (3) years as evidenced by previous three (3) years tax returns.
- ✓ Applicant(s) must receive a certificate of housing counseling upon completion of an eight (8) hour education and counseling workshop conducted by a HUD certified housing counselor. This certificate is required prior to loan closing.
- ✓ All HOME, CDBG and SHIP proceed must be used to pay down payment; closing costs; principal reduction and must not be used for debt consolidations or cash-out to applicant(s).
- ✓ The maximum loan-to-value for combined first and second mortgages shall be 105 percent for very low-income, low-income, or moderate-income applicant(s).
- ✓ Applicant(s) must make mortgage application with a lender on the approved lender list or a lending institution who shall meet the criteria as established by the documents as provided.

## **CDBG, HOME, SHIP GUIDELINES**

1. The principal reduction mortgage amount is based upon the purchase price of the desired property, however; the down payment/closing cost and purchase assistance provided by the cities listed will not exceed A maximum deferred payment loan up to \$30,000; \$40,000; or \$50,000, depending on income category and funding availability (Pembroke Pines) very-low, low and moderate income applicant(s).
2. The principal reduction mortgage will be in the form of a zero percent interest second position deferred payment loan. The full amount of the second mortgage will be forgiven if the homeowner meets all of the CDBG, HOME, SHIP requirements including occupying the dwelling purchased for the period specified in the mortgage and promissory note as their primary residence.
3. Private Mortgage Insurance (PMI) is not allowed to be charged by the primary lender if the down payment and second mortgage assistance being provided by the borrower and city funds are equal to more than 20% of the appraisal value of the property.
4. Applicant(s) Income/Debt Ratios should be 35% / 45% maximum (no exceptions).
5. Origination/Discount/Administrative Fees: 2.0% maximum (no exceptions).
6. Appraisal and Credit Report Fees: To not exceed \$500.00 maximum. Due at time of lender application, credit at closing.
7. Closing Costs: Up to a maximum 5% purchase price, including origination and others but does not include pre-paid items. (Buyer – can be a gift as well as CDBG/HOME/SHIP funds. Gift must be properly sourced with backup documentation. Seller concession is also allowed up to Six (6%).
8. Terms: 30 years Fully Amortizing Mortgage, (No Prepayment Penalty). Balloon Mortgages are not acceptable. No Sub-Prime loans or Adjustable Rate loans are permitted under CDBG/HOME/SHIP Program.
9. Purchase Price: Must not exceed the maximum price established for Broward County annually.
10. Co-Borrower(s) – (non-occupying): Not permitted under HOME & SHIP Program
11. Down Payment: In all cases, buyer must contribute a minimum 1% (One Percent) of purchase contract price of their own funds toward the transaction.

12. Assumable: NO
13. Flex Dollars: Include Flex Dollars in the calculation of Annual Income for mortgage qualification. Flex Dollars are an employer's contribution for benefits for benefit-eligible employees. Flex Dollars are fully taxable to the employee as additional earnings in the same manner as overtime or pay for time not worked. **Commissions** – Two (2) years and average 24 months. **Self-Employment** – Two (2) years. If less, then must have One (1) year previous experience in same line of work. Documentation – request One (1) year minimum reported cycle of income.
14. Credit: Borrower(s) credit history should conform to the lender guidelines.
15. Documentation: Lender Application (1003) and Purchase Contract to be sent to Community Redevelopment Associates of Florida, Inc (CRA) immediately after receipt. Prior to closing, final lender documents and additional forms are required from lender to CRA. CRA will provide checklist to lender.
16. Inspection(s): Full property inspection required including Pest Inspection (Termite/WDO) and Roof Inspection. No exception.
17. Maximum Assistance: A maximum deferred payment loan is applied towards the closing costs, first mortgage reduction, and/or down payment assistance for the purchase of eligible owner-occupied housing.
18. Refinance Subordination Restrictions: Rate/Term ONLY. No Cash Out Allowed. Home must have evidence of Homestead Exemption. All other instance of refinance triggers repayment.
19. Lien Position: Lender – First Lien position and City – Second Lien position.
20. Escrow: Required for taxes, all insurance(s) (hazard, flood – if property in a flood zone, windstorm). The exception is Master Policy for condominium.
21. Alternate Income Sources: Disability payment, social security, pension, alimony, child support-follow standard Fannie Mae guidelines and documents, i.e. 1-year history and minimum 3 years remaining term.
22. Employment / Income: **Full Time** – verify last 24 months. Less is acceptable if one (1) year prior experience in same line of work. **Part Time** – must be with present part-time employer MINIMUM one (1) year. **Seasonal Part Time** – if one (1) year history and verification state “likely will continue”, then will average over one (1) year plus year-to-date. **Overtime** – If one (1) year history with verification of likely to continue, the average over one (1) year plus year-to-date.